



CITY OF SAN ANTONIO

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April 7, 2006

Phil Hardberger
Mayor

Roger Flores
Councilman, District 1

Sheila McNeil
Councilwoman, District 2

Roland Gutierrez
Councilman, District 3

Richard Perez
Councilman, District 4

Patti Radle
Councilwoman, District 5

Delicia Herrera
Councilwoman, District 6

Elena Guajardo
Councilwoman, District 7

Art Hall
Councilman, District 8

Kevin Wolff
Councilman, District 9

Christopher "Chip" Haass
Councilman, District 10

Sheryl Sculley
City Manager

Michael Bernard
City Attorney

Erik Walsh
Assistant City Manager

Albert Ortiz
Chief of Police

Ladies and Gentlemen:

RE: City Management's Corrective Action Plan Report and the Report on the Audit of the City's Impound Facilities – Vehicle Storage Unit Operations

We are pleased to attach for your review the report for an audit of the Vehicle Storage Unit (VSU), including the Growdon Road and Ninth Street Facilities. This was an extensive undertaking that began in spring 2005 and was concluded with an exit conference in November 2005. The substantive issues identified were further evaluated with San Antonio Police Department (SAPD) Management and the City Attorney's Office until mid-December 2005 when City Staff was given a draft report which included detailed recommendations. Due to changes in City Executive Management, there has been a delay in receiving their responses, which have been attached for your review. SAPD Management and VSU Staff need to be thoroughly recognized and complimented for their cooperation/assistance provided for this audit.

The issues, recommendations, and corrective actions planned are numerous and complex. SAPD has agreed with many of the findings identified, which include some that have been generally known for several years. In most cases, SAPD and City Management agree with the recommendations; however, their corrective action plan indicates many

requirements to remedy the problems. A large component of the resolutions will require information technology assistance in the form of process reengineering to better use existing hardware and/or software, including ERM/SAP. In addition, VSU and SAPD Management need assistance from the Finance Department to improve their cash and revenue controls, processes and reporting.

There are significant policy issues regarding the use of uniformed police officers to operate and supervise the operation. The functions performed are not essential public safety duties, and substantial personnel costs savings could be realized by realigning the eleven police officers to public safety positions that are currently unfilled. The City must also determine if it wants to directly perform operations for impounding, storing and auctioning property/vehicles. Outsourcing the operation is still an option that should be given sufficient policy consideration and fiscal analysis. A request for proposal (RFP) for outsourcing part of the functions was issued in June 2005; this RFP and the related responses were evaluated as part of this review. The results of this appeared to be flawed and unreliable as is explained in more detail within the audit report.

The services performed by the VSU have significant revenue potential for the City; however, the current business model does not appear to be conducive to realizing this potential. We encourage you to review Management's Corrective Action Plan, the summary of findings, and the attached photographs of the facility as it exists even today. We have also attached photographs of the Dallas, Texas vehicle storage facility to show how a different business model can and has been working for many years.

The Internal Audit Department appreciates the opportunity to have performed this review because it has highlighted areas for substantial improvements in customer service and in revenue, for major reductions in expenditures or cost savings, and for process efficiencies. We are available to discuss this material with you individually at your convenience.

Sincerely,



Patricia M. Major CPA, CIA, CGFM, CTP
City Internal Auditor
San Antonio, Texas

Cc: Leticia Vacek, City Clerk
Michael Armstrong, Assistant City Manager / Chief Information Officer
Ben Gorzell, Acting Finance Director
Hugh Miller, Acting ITSD Director and Chief Technology Officer
Tyrone Powers, Assistant Chief of Police
Rosemary Flammia, Deputy Chief of Police
Scott Bell, Lieutenant